

FUEL TAX FACTS

WYOMING TAXPAYERS ASSOCIATION

SUMMER 2012

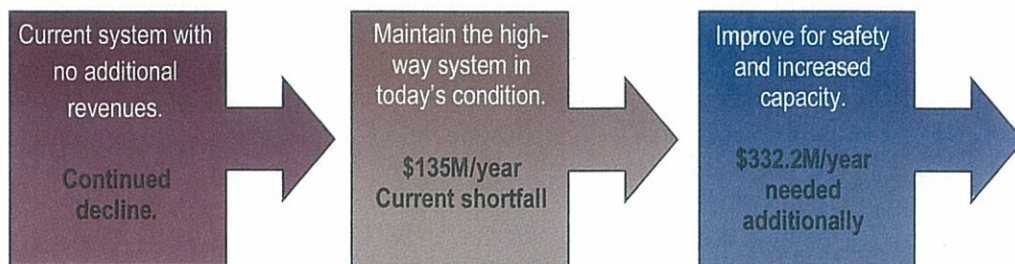


The Need

There is a need for 409 lane-miles of additional roadway capacity to support the state's economic development—however, based on current funding levels, the state will only be able to add 13 lane-miles of additional capacity by 2022.

- Attempts to increase long-term funding for highways have failed several times in the last decade.
- WYDOT has moved to a "highway preservation" philosophy due to the current funding crisis.
- Wyoming's population increased 25% since 1990.
- Vehicle miles traveled in Wyoming increased by 64% from 1990-2009.
- It is estimated that 52% of the highway users are out-of-state travelers.
- By 2030, vehicle travel in Wyoming is projected to increase by another 55%.
- Annually, \$24B in goods are shipped from sites in Wyoming and another \$28B in goods are shipped to sites in Wyoming, mostly by truck.
- To maintain Wyoming's roads, highways and bridges \$135M/year is needed annually.
- Timely maintenance is the key to getting the maximum life from our pavements. For every dollar not spent on timely, preventative maintenance, \$4.00-\$8.00 will be needed for complete reconstruction a few years later.
- By 2030 82% of Wyoming's roads will be in poor condition if nothing is done.
- Increasing the fuel tax is among the most efficient solutions, but a multi-faceted approach will be needed to bridge the revenue gap.
- Wyoming has the second lowest fuel and diesel taxes in the nation, and the tax has not been increased since 1998.
- A \$.10 increase (bringing the total fuel tax to \$.24) would make Wyoming's tax comparable to surrounding states, yet prices at the pump will continue to reflect a competitive market for Wyoming's consumers.
- The efficiency of Wyoming's transportation system, particularly its highways, is critical to the health of the state's economy, including tourism, agriculture, energy, education, and manufacturing.

What is the cost of doing nothing?



WYOMING'S FUEL TAX



What will I pay at the pump?

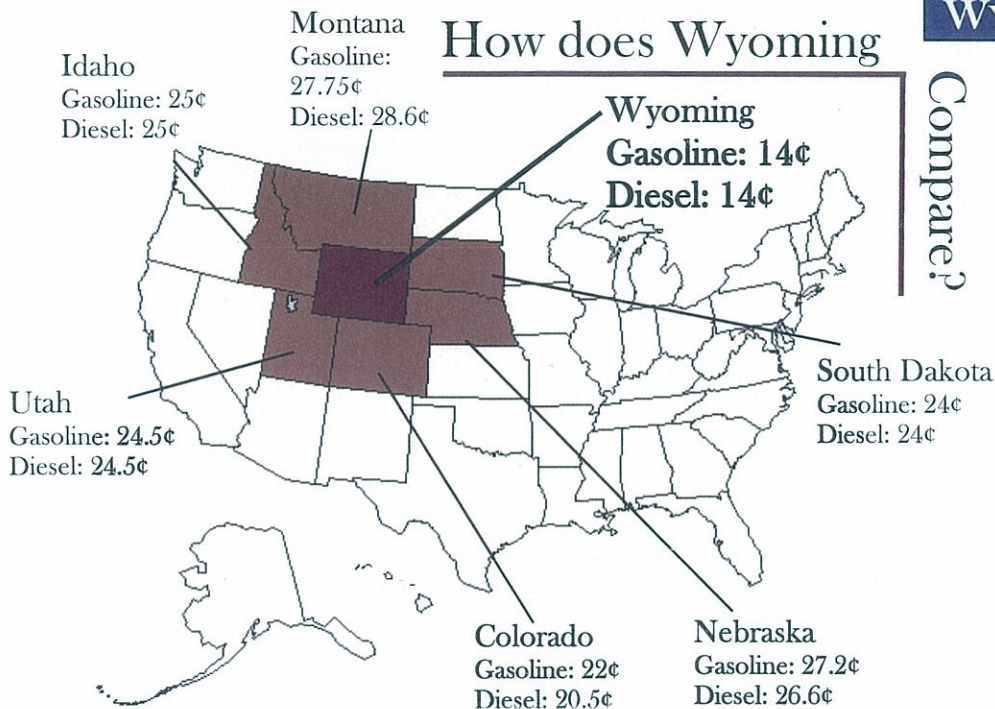
Take a minute to study both charts on this page. To the left you see how Wyoming's fuel tax compares to the surrounding states. Below, you'll see how prices at the pump illustrate more than purely the price of a state's fuel tax.

Montana has the highest fuel tax in the region, yet does not always yield the highest prices at the pump.

Similarly, **Colorado** has the second lowest fuel tax in the region (next to Wyoming) and it clearly fluctuates all over the chart.

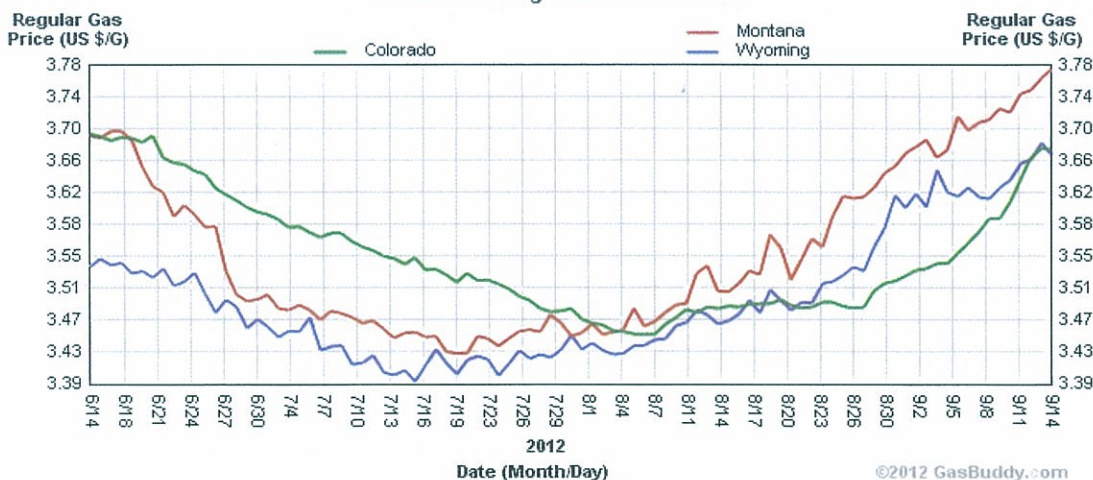
How does Wyoming

Compare?



Data: American Petroleum Institute—July 2012

3 Month Average Retail Price Chart



The **Take-Away** from this is simply that there are more forces at work in determining the price of fuel than just the fuel tax. If Wyoming's fuel tax is increased to make us equal to the surrounding states, prices at the pump will not automatically increase by ten cents—they will continue to fluctuate as they already do.

What rebates and exemptions are available?

There are two gasoline tax relief programs available in the state of Wyoming, the Agricultural Tax Exemption and the Off Road Refund.

Agricultural Tax Exemption/Rebate

The Agricultural Tax Exemption covers gasoline purchased in bulk (more than 35 gallons) for agriculture, excluding gas delivered to attached or auxiliary tanks of a motor vehicle, purchased from a Wyoming distributor or importer up to 70% of the \$0.13 motor fuel license taxes imposed by the State. As of July 1, 2011, this program is now available on a rebate basis for 100% of the .13% fuel tax.

Amount exemption in 2011: **\$(271,022)**

Off Road Refund

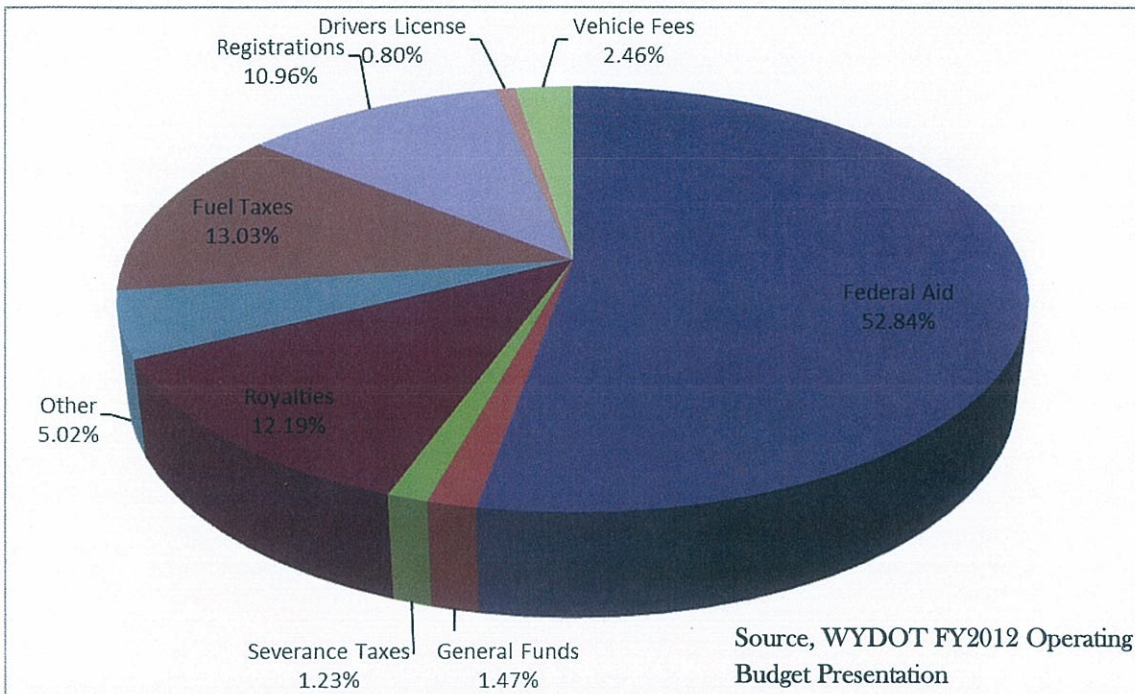
The Off Road Refund covers undyed diesel fuel purchased and used in Wyoming not on highways. It is subject to a refund of the \$0.13 motor fuel license tax, if the refund form is submitted within a year of purchase with a receipt or invoice for the fuel and can be submitted anytime after the last day of the month if the user is entitled to a refund of \$250 or more. Forms are available on the WYDOT website.

Amount refunded in 2011: **\$(1,705,913)**

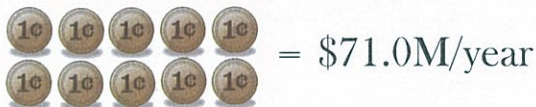
Along with these programs, the University of Wyoming, community colleges and schools can request a refund of the motor fuel license taxes at the end of each month if the fuel is purchased and used in Wyoming and the request is filed within one year.

WYDOT FUNDING

**WYDOT
Anticipated
Revenue
Fiscal Year
2012
\$545,332,296**



How much will a \$.10 increase yield?



Statistically speaking, a \$.10 increase in fuel tax would cost an average Wyoming household a maximum of \$114.20/year, however that does not take into account market forces at the pump, which could reduce this amount significantly.

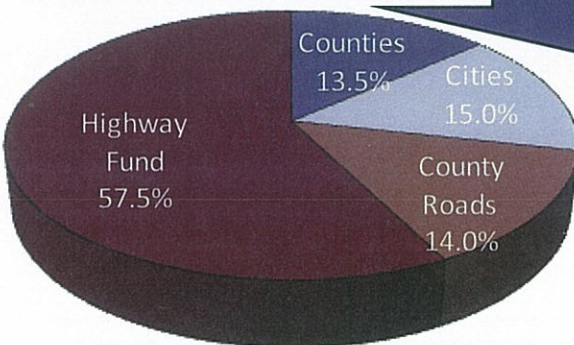
Where do our Federal gasoline taxes go?

The federal tax goes directly to the Federal Highway Trust Fund, which was created in 1956 and provides funding to the states for highway and transit projects. Funding, however, is not based on how much tax is collected from a given state, but from a state's "need," which is calculated by several measures, including miles of road and number of licensed drivers. This means that some states are "winners" who receive more than they are taxed, and some are "losers" who receive less. Wyoming is a "winner", for example, for every dollar Wyoming sends, the state receives \$1.62 back.

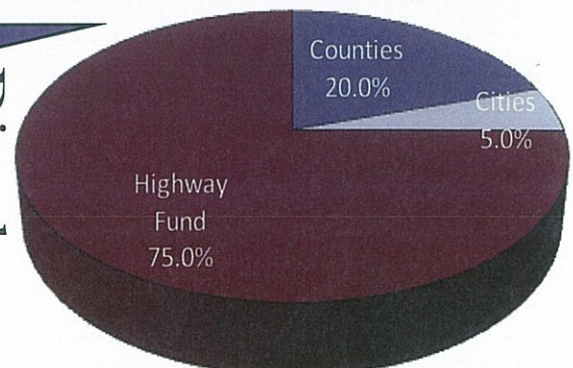
The federal tax revenue goes into three different federal accounts, \$.001 for each gallon of gasoline or diesel sold goes to the Leaking Underground Storage Tank (LUST) Fund for the cleanup of leaking underground storage tanks. All other federal gas taxes go to the Highway Trust Fund which divides the revenue into a highway account that gets \$.01544 for each gallon of gasoline and \$.02144 for each gallon of diesel. The mass transit account gets \$.0286 for each gallon of gasoline or diesel sold.

WHERE DO FUEL TAX REVENUES GO?

Gasoline



Diesel



FUEL TAX 101

A FUEL TAX IS A FAIR TAX...

Fuel taxes, in their simplest form, are often touted as being one of the most efficient forms of taxation, adhering to sound economic principles such as equity, balance, stability, and transparency. These are the same principles that provide the backbone of the Wyoming Taxpayers Association's **Cornerstones of Taxation**. As a user fee, a fuel tax provides a system of road funding by simply charging road users when they fill up their tanks. Does the concept of a user fee on gasoline/diesel measure up to the Cornerstones of Taxation? Indeed it does:

JUSTIFICATION

Wyoming overwhelmingly receives the majority of its transportation funding from the federal government. However, this federal funding is unpredictable and due to deplete in the very near future. Revenue roughly tracks use, which provides policy makers with an important signal as to how much infrastructure investment is needed.

EQUITY

A user based tax is, by definition, one that is imposed on the users of the public good, or in this case, Wyoming's roads. Highway users benefit from the improvements their user taxes or fees generate.

BALANCE

In the same manner, the concept of a user does not distort economic behavior. Those who use the roads pay the tax—and similarly, users who drive more pay more.

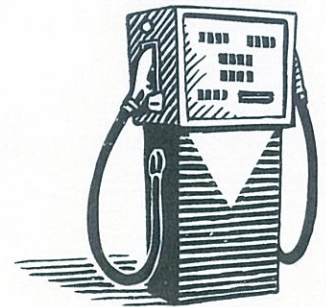
STABILITY

The fuel tax provides a revenue source that is predictable and secure, and won't take revenue away from other public needs.

TRANSPARENCY

A user fee is easy to understand, administer and cost effective to collect. Highway use and therefore highway user revenues do not fluctuate wildly in the short-run.

Wyoming Taxes Per Gallon	
<i>Gasoline</i>	
State Excise Tax	\$.13
LUST	\$.01
Federal	\$.184
Total Gasoline	\$.324
<i>Diesel</i>	
State Excise Tax	\$.13
LUST	\$.01
Federal	\$.244
Total Diesel	\$.384



Increasing the fuel tax is broadly supported by the following Associations....

Wyoming Lodging and Restaurant Association · Wyoming
Stock Growers Association · Wyoming Chamber
Partnership · Wyoming Petroleum Marketers Association ·
Wyoming Business Alliance · Wyoming County Commissioners
Association · Wyoming Trucking Association · Wyoming
Contractors Association · Wyoming Association of
Municipalities · Wyoming Mining Association ·
Wyoming Taxpayers Association